EXHIBIT 2

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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IN RE IMAX CORPORATION SECURITIES LITIGATION	06 CIV. 6128 (NRB) JURY TRIAL DEMANDED

CONSOLIDATED AMENDED CLASS ACTION COMPLAINT

Plaintiffs, by their undersigned attorneys, on behalf of themselves and the class they seek to represent, for their Consolidated Class Action Complaint (the "Complaint"), allege the following upon personal knowledge as to themselves and their own acts, and upon information and belief as to all other matters, based upon the investigation made by Plaintiffs' counsel, which included the review and analysis of information obtained from numerous public sources including, inter alia: Securities and Exchange Commission ("SEC") filings by IMAX Corporation ("IMAX" or the "Company"), securities analysts reports about the Company, Company press releases, periodic Earnings Conference Calls held by the Company, media reports about the Company, interviews with former IMAX and PricewaterhouseCoopers LLP employees, and documents from Neil v. IMAX Corporation, et al., CV-06-3257-00, Ontario, Canada, Superior Court of Justice.

JURISDICTION AND VENUE

1. The claims asserted herein arise under Sections 10(b) and 20(a) of the Securities Exchange Act, 15 U.S.C. §§78j and 78t(a), and Rule 10b-5, 17 C.F.R. §240.10b-5, promulgated thereunder by the SEC, 17 C.F.R. § 240.10b.5.

2. This Court has jurisdiction over the subject matter of this action pursuant to Section 27 of the Exchange Act, 15 U.S.C. §78aa, and 28 U.S.C. §§1331. Venue is proper in this

Judicial District pursuant to Section 27 of the Exchange Act, 15 U.S.C. §78aa, and 28 U.S.C. §1391(b) and (c).

3. Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District and the Company's U.S. headquarters is located in this Judicial District at 110 East 59th Street, Suite 2100, New York, New York.

4. In connection with the acts, transactions and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mails, interstate telephone communications and the facilities of a national securities exchange.

THE PARTIES

A. Plaintiffs

5. Lead Plaintiff Westchester Capital Management, Inc. ("WCMI"), as the investment advisor for GS Master Trust, MSS Merger Arbitrage Fund, The Merger Fund, The Merger Fund VL and SphinX Merger Arbitrage Fund ("Lead Plaintiff"), purchased IMAX common stock during the Class Period and suffered damages as a result of the federal securities law violations alleged herein.

6. By order dated January 17, 2007, WCMI was appointed Lead Plaintiff in accordance with the provisions of the Private Securities Litigation Reform Act of 1995. WCMI's certification was previously filed with the Court.

7. Plaintiff The Steelworkers Pension Trust ("TSPT") purchased IMAX common stock during the Class Period and suffered damages as a result of the federal securities law violations and false and misleading statements and material omissions alleged herein. TSPT's certification was previously filed with the Court.

B. Defendants

8. Defendant IMAX is a corporation registered under the laws of the Country of Canada. The Company's United States headquarters is located at 110 East 59th Street, Suite 2100, New York, New York and its Canadian headquarters is located at 2525 Speakman Drive, Mississauga, Ontario, Canada, L5K 1B1. IMAX, together with its wholly-owned subsidiaries, is an entertainment technology company which specializes in large-format and three-dimensional ("3D") motion-picture systems. It is also engaged in the production, digital re-mastering and distribution of IMAX films, the operation of IMAX theaters and the provision of support for IMAX theaters and the IMAX theater network.

9. Defendant Richard L. Gelfond ("Gelfond") has been Co-Chairman of IMAX since June 1999 and Co-Chief Executive Officer since May 1996. He has been a director of the Company since 1994. From March 1994 to June 1999, Gelfond served as Vice Chairman of the Company. According to the Company's Form 14A filed with the SEC on August 10, 2007, Gelfond owns 2,722,900 IMAX shares, or 6.6% of the Company's outstanding common stock. He signed the Company's Forms 10-K for the years ended December 31, 2002 through 2006.

10. Defendant Bradley J. Wechsler ("Wechsler") has been Co-Chief Executive Officer of IMAX with Mr. Gelfond since May 1996. From March 1994 to June 1999, Wechsler served as Chairman of the Company and has served as IMAX's Co-Chairman with Mr. Gelfond since June 1999. He has been a director of the Company since 1994 and was a member of the Audit Committee of its Board of Directors between 2002 and 2003. According to the Company's Form 14A filed with the SEC on August 10. 2007, Wechsler owns 2,682,800 IMAX shares, or 6.5% of the Company's common stock. He signed the Company's Forms 10-K for the years ended December 31, 2002 through 2006.

11. Defendant Francis T. Joyce ("Joyce") was the Company's Chief Financial Officer ("CFO") from March 9, 2001 until he officially resigned from the Company on September 12, 2006. Mr. Joyce is a member of Financial Executive International and the American Institute of Certified Public Accountants. He signed the Company's Forms 10-Q and 10-K during his tenure at IMAX.

12. Defendant Kathryn A. Gamble ("Gamble") was the Company's Vice President of Finance, Controller and Principal Accounting Officer from July 2001 until her resignation on or about November 27, 2006. Ms. Gamble currently remains with the Company on a part-time basis in the role of Vice President, Finance and Special Projects. Ms. Gamble is a member of the Canadian Institute of Chartered Accountants. She signed each of the Company's Forms 10-Q and 10-K during the Class Period.

13. Throughout the Class Period, defendants Gelfond, Wechsler, Joyce and Gamble (the "Individual Defendants") were corporate insiders with direct involvement in the daily affairs of the Company. They reviewed, prepared, issued, authorized the press releases and financial statements that IMAX caused to be publicly disseminated at the end of each quarter, and which purported to accurately reflect IMAX's operating results. The Executive Employment Agreements pursuant to which defendants Gelfond and Wechsler were employed gave each substantial authority over the day-to-day management and operation of the Company. Defendants Gelfond and Wechsler were "hands on" executives who were directly involved in the Company's everyday business. During the Company's quarterly Earnings Conference Calls, Gelfond and Wechsler together with co-host Joyce, spoke in detail about the Company's financial condition, products and theater openings. Gelfond and Wechsler were consistently quoted in IMAX's press releases addressing the Company's quarterly financial results. The

Company's reported revenue and earnings figures were among the topics addressed in each of those public forums, as were the amount of revenue recognized from theater system signings and the number of theater systems installed in each of those quarters. Gelfond, Wechsler, Joyce and Gamble were responsible for preparing and presenting the Company's financial information and revenue recognition policies and understood that theater systems leases and sales were the core of IMAX's business and the largest single contributor to its income and revenue.

14. The Individual Defendants and IMAX are sometimes collectively referred to herein as "Defendants" or the "IMAX Defendants".

15. It is appropriate to treat the Individual Defendants as a group for pleading purposes and to presume that the materially false and misleading information conveyed in IMAX's public filings, press releases and other group-published documents addressed herein reflect the collective work of the Individual Defendants. Each of the Individual Defendants, by virtue of his or her position with the Company, was a corporate insider and directly participated in the day-to-day operations and affairs of the Company at the highest levels and was privy to confidential proprietary information regarding the Company and its business operations, products, growth, financial statements and financial condition, as alleged herein. During the Class Period, the Individual Defendants were involved in the drafting, preparation, review and/or dissemination of the various public, shareholder and investor reports and other communications which contained the materially false and misleading information alleged herein and were aware of, or recklessly disregarded, that materially false and misleading statements were being issued regarding the Company, and approved or ratified these statements, in violation of the federal securities laws. The Individual Defendants signed numerous materially false statements filed with the SEC.

16. During the Class Period, the Individual Defendants participated in preparing, reviewing, approving and/or certifying consolidated financial statements for IMAX that purported to conform with applicable regulatory requirements and Generally Accepted Accounting Principles ("GAAP"). These financial statements were filed with the SEC, and disseminated to the public, through inter alia, Company press releases, quarterly reports on Forms 10-Q and annual reports on Forms 10-K, and in other communications with investors, credit rating agencies, bank lenders and securities analysts. The financial information contained therein misrepresented that IMAX's financial statements were accurate.

17. The Individual Defendants were aware of, or recklessly disregarded, the misstatements contained in the SEC filings, press releases and other public statements complained of herein, and their materially false and misleading nature. Because of their IMAX Board membership and/or executive and managerial positions, each of the Individual Defendants had access to the materially adverse undisclosed information about IMAX and its financial condition and performance as particularized herein, and knew or recklessly disregarded that these adverse facts rendered the representations made by them or IMAX materially false and misleading.

18. As officers and/or directors and controlling persons of a publicly held company whose common stock was, and is, registered with the SEC pursuant to the Exchange Act and traded on the NASDAQ, and governed by the provisions of the federal securities laws, the Individual Defendants each had a duty to disseminate promptly accurate and truthful information with respect to the Company's financial condition and performance, growth, operations, financial statements, business, products, markets, management, earnings and present and future business prospects, and to correct any previously issued statements that were known to have become

materially false or misleading, so that the market price of the Company's publicly traded securities would be based upon truthful and accurate information, but failed to do so.

19. The Individual Defendants, because of their positions of control and authority as officers and/or directors of the Company, were able to and did control the content of the various SEC filings, press releases and other public statements pertaining to the Company discussed herein. Each Individual Defendant was provided with copies of the documents alleged herein to be misleading prior to or shortly after their issuance and/or had the ability and/or opportunity to prevent their issuance or cause them to be corrected. Accordingly, each Individual Defendant is responsible for the accuracy of the SEC filings, press releases and other public statements detailed herein and is therefore liable for the representations contained therein.

C. **PricewaterhouseCoopers LLP**

20. Defendant PricewaterhouseCoopers LLP is a Delaware limited liability partnership with its principal place of business located at 300 Madison Avenue, 24th Floor, New York, New York 10017. Its website states that "'PricewaterhouseCoopers' refers to PricewaterhouseCoopers LLP (a Delaware limited liability partnership) or, as the context requires, other member firms of PricewaterhouseCoopers International Limited, each of which is a separate legal entity." According to IMAX's publicly filed documents, PricewaterhouseCoopers LLP is the principal independent accountant of the Company. Each of its audit opinions issued during the Class Period is signed by PricewaterhouseCoopers LLP, Toronto, Canada, which is an Ontario limited liability partnership with its principal place of business located at Royal Trust Tower, Suite 3000, Toronto-Dominion Centre, 77 King Street West, Toronto Ontario MSK 1G8 Canada. As such, to the extent PricewaterhouseCoopers LLP, Toronto, Canada is deemed a separate entity, it is also named as a defendant, and is, together

with PricewaterhouseCoopers LLP, referred to herein as "PWC." PWC, at all relevant times, provided accounting and consulting services to IMAX. PWC and its predecessors have been IMAX's auditor for approximately 20 years (serving as the Company's auditor before, during and after the Class Period). During the Class Period, PWC issued unqualified audit opinion letters ("clean opinions") on the Company's annual financial statements which were included in IMAX's Forms 10-K, with the knowledge and express consent of PWC.

CLASS ALLEGATIONS

21. Plaintiffs bring this action as a class action pursuant to Federal Rules of Civil Procedure 23(a) and (b)(3) on behalf of all persons and entities who purchased or otherwise acquired IMAX common stock (the "Class") from February 27, 2003 through July 20, 2007, inclusive (the "Class Period"). Excluded from the Class are IMAX, the Individual Defendants, any member of the families of the Individual Defendants, any entity in which any Individual Defendant has a controlling interest, any other defendant or any entity which is a parent or subsidiary of, or which is controlled by, such defendant, and the officers, directors, employees, affiliates, legal representatives, heirs, predecessors, successors and assigns of Defendants.

22. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, IMAX's common stock was actively traded on the Nasdaq Stock Exchange (the "NASDAQ") and the Toronto Stock Exchange ("TSX") in a well-developed and efficient market. While the exact number of Class members is unknown to Plaintiffs at this time, and can only be ascertained through appropriate discovery, Plaintiffs believe there are, at a minimum, thousands of members of the Class. There are over 40 million shares of IMAX common stock issued and outstanding. During the Class Period, there were hundreds of millions of shares of IMAX common stock traded on the NASDAQ and the TSX.

Approximately 90 percent of those shares were traded on the NASDAQ. Record owners and other members of the Class may be identified from records maintained by IMAX.

23. Common questions of law and fact exist as to all members of the Class and predominate over any questions affecting solely individual members of the Class. Among the questions of law and fact common to the Class are:

(a) Whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) Whether the SEC filings, press releases, reports and other public statements made by Defendants and disseminated to the investing public during the Class Period contained material misstatements or omitted to state material information;

(c) Whether and to what extent the Company's financial statements failed to comply with GAAP during the Class Period;

(d) Whether PWC's audits of the Company's financial statements during the Class Period were conducted in accordance with generally accepted auditing standards ("GAAS") and the standards of the Public Company Accounting Oversight Board ("PCAOB");

(e) Whether the market price of the Company's common stock during the Class Period was artificially inflated due to the materially misleading statements issued by Defendants;

(f) Whether Defendants acted with scienter in failing to inform investors of material facts and in issuing false and misleading financial statements;

(g) Whether reliance may be presumed pursuant to the fraud-on-the-market rule; and

(h) Whether the members of the Class have sustained damages as a result of the misconduct complained of herein, and if so, what is the proper measure of damages.

24. Plaintiffs' claims are typical of the claims of the proposed Class because Plaintiffs and the proposed Class members sustained damages arising out of Defendants' wrongful conduct in violation of federal law, as complained of herein.

25. Plaintiffs will fairly and adequately protect the interests of the members of the proposed Class and have retained counsel competent and experienced in class action and securities litigation. Plaintiffs have no interests antagonistic to, or in conflict with, those of the proposed Class members they seek to represent.

26. A class action is superior to other available methods for the fair and efficient adjudication of the controversy since joinder of all members of the Class is impracticable. Furthermore, because the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impracticable for the proposed Class members individually to redress the wrongs done to them. Plaintiffs anticipate no unusual difficulties in the management of this action as a class action.

Applicability Of Presumption of Reliance
(Fraud-On-The-Market Doctrine)

27. The market for IMAX common stock was open, well-developed and efficient at all relevant times. As a result of Defendants' materially false and misleading statements and failures to disclose the improper acceleration of revenue recognition for its theater systems, IMAX shares traded at artificially inflated prices during the Class Period. Plaintiffs and other members of the Class purchased or otherwise acquired IMAX stock relying upon the integrity of its market price and market information relating to IMAX, and have been damaged thereby.

28. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false or misleading statements about IMAX's financial condition, business and operations. These material misleading misstatements created an unrealistically positive assessment of IMAX's financial condition and its business, thus causing the price of the Company's common stock to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of IMAX common stock. Defendants' materially false and

misleading statements during the Class Period resulted in Plaintiffs and other members of the Class purchasing the Company's stock at such artificially inflated prices, and each of them has been damaged as a result.

29. At all relevant times, the market for IMAX stock was an efficient market for the following reasons, among others:

(a) IMAX common stock met the requirements for listing, and was listed and actively traded, on the NASDAQ and the TSX, highly efficient and automated markets;

(b) As a regulated issuer, IMAX filed periodic public reports with the SEC and NYSE and the Ontario Securities Commission ("OSC");

(c) IMAX regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as quarterly Earnings Conference Calls, communications with the financial press and other similar reporting services; and

(d) IMAX was followed by securities analysts employed by major brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

30. As a result of the foregoing, the market for IMAX stock promptly digested current information regarding IMAX from all publicly available sources and reflected such information in IMAX's common stock price. Under these circumstances, all purchasers of IMAX common stock during the Class Period suffered similar injury through their purchase of IMAX common stock at artificially inflated prices, and a presumption of reliance applies.

SUBSTANTIVE ALLEGATIONS

A. Historical Background Regarding IMAX

31. IMAX was founded by a small group of Canadian film makers in 1967 and is now one of the world's leading entertainment technology companies, specializing in large-format and 3D film presentations. The IMAX theater system has its roots in EXPO '67 in Montreal, Canada

misleading statements were made in connection with the purchase or sale of IMAX's common stock.

208. Defendants knew or recklessly disregarded that IMAX's public statements, as identified herein, failed to disclosed material information concerning IMAX's revenue recognition policies, internal controls and /or disclosure controls. Defendants knew or recklessly disregarded that the public statements complained of herein were materially false and misleading for the reasons alleged herein.

209. Defendants had the ability to, and did, cause the complained of public statements to contain material misstatements and omissions of material facts, as alleged herein.

210. Defendants acted with scienter, in that they either had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and disclose the truth about IMAX's finances and operations, even though the truth was available to them.

As to the Individual Defendants

211. The Individual Defendants were directors and officers of IMAX and, therefore, were directly responsible for the material omissions and false and misleading statements disseminated to the public through financial statements, Quarterly Earnings Conference Calls, press releases, news reports, and filings with the SEC which they prepared, reviewed and/or signed. They also signed Sarbanes-Oxley certifications falsely attesting to the adequacy of the Company's internal and disclosure controls. As the Chief Financial Officer, Joyce had direct responsibility for the preparation of the Company's financial statements, Annual Reports on Form 10-K, Forms 10-Q and budgets. Gamble, as Chief Accounting Officer, oversaw the accounting function. According to Confidential Source No. 7 who worked in IMAX's Canadian

headquarters during the second and third quarters of 2006 as an Accounts Receivable Analyst, the Accounting Department included the Director of Finance, revenue recognition personnel, financial analysts, the Accounts Receivable Supervisor and staff, the treasury function and the Controller. Based on her oversight of these functions, Gamble, like Gelfond, Wechsler and Joyce, had access to all of the material information relating to the Company's revenue recognition for theater systems.

212. One of the key aspects of the job of the Co-CEOs was to assess the Company's business and prospects. The 2006 10-K, at page 41, identified several of the factors Wechsler and Gelfond used to make that assessment, including the signing of new theater systems arrangements, revenue, gross margins from the Company's operating segments, earnings from operations, the success of strategic initiatives such as the securing of new film projects and the progress of the Company's development of a digital projector and related technologies. It was the responsibility of Joyce, as the Chief Financial Officer, and Gamble, as the Chief Accounting Officer, to help insure that theater systems installs were accurately reflected on the Company's books and records and accurately reported to the investing public.

213. During the Class Period, Joyce and Gamble received a portion of their annual compensation in the form of bonuses under the Management Incentive Plan. Bonuses were awarded to Joyce and Gamble under this plan if the Company achieved annual operating objectives targets and their personal performance.

214. The Company's Class Period Schedules 14A say that Gelfond's and Wechsler Class compensation was assessed based on certain quantitative and qualitative factors, including corporate financial results and the realization of business plan objectives (e.g. budgeted profit and loss) related to the Company's performance for the year.

215. The following table, which sets forth the compensation paid or granted by the Corporation to Gelfond, Wechsler and Joyce (Gamble's compensation is not publicly disclosed) during the Class Period, demonstrates the substantial portion of their yearly compensation represented by incentive pay related to Company performance, providing incentive to maintain IMAX's revenues and earnings at as a high level as possible:

Name	Year ended December 31	Salary ($)	Bonus ($)	Restricted Stock Awards ($)	Securities Under Options Granted	All other compensation ($)
Bradley J. Wechsler Co-Chairman and Co-Chief Executive Officer	2006	500,000	50,000	--	--[6]	34,429
	2005	500,000	250,000	--	--	6,514
	2004	500,000	750,000	--	450,000	4,460
	2003	500,000	750,000	--	--	4,270
	2002	500,000	750,000	--	700,000	4,077
Richard L. Gelfond Co-Chairman and Co-Chief Executive Officer	2006	500,000	150,000	--	--	34,640
	2005	500,000	250,000	--	--	6,514
	2004	500,000	750,000	--	450,000	4,460
	2003	500,000	750,000	--	--	4,414
	2002	500,000	750,000	--	700,000	4,077
Francis T. Joyce (CFO 2001-9/12/2006)	2006	222,962	N/A	N/A	N/A	4,652
	2005	310,000	70,000	--	50,000	6,514
	2004	306,192	116,000	--	--	4,652
	2003	291,673	90,000	--	66,000	4,414
	2002	275,000	84,219	--	--	3,692

6 On March 10, 2006, the Co–CEOs were each granted 75,000 options to purchase Common Shares, which options were subsequently cancelled by the Company on June 13, 2007 for no consideration.

As to Defendants Gelfond and Wechsler

216. Gelfond and Wechsler had the motive and opportunity to commit the wrongful acts alleged herein. To effectuate a sale or merger of IMAX, and obtain the highest price possible, it was critical that the valuation of the Company remained elevated. While management and the Board shared an interest in obtaining the most dollars possible, Gelfond and Wechsler had a financial stake in the outcome that others did not by virtue of their stock ownership and change of control agreements.

217. Defendants Gelfond and Wechsler knew they would gain concrete benefits and a substantial profit in the event of a change in control of the Company. Based on a provision contained in their original employment agreements, dated March 1, 1994, both Gelfond and Wechsler were each entitled to receive, upon a sale of the Company, a cash bonus in an amount equal to the product of (a) 0.375% and (b) the amount by which the sale or liquidation transaction imputes an equity value in excess of Cdn. $150,000,000 to the common shares originally issued by the Company (on a fully diluted basis but excluding the common shares issued upon the conversion of the Class B convertible preferred shares of the Company formerly outstanding which were converted into common shares on June 16, 1994 and the common shares issuable upon the exercise of warrants owned by each of Messrs. Gelfond and Wechsler).

218. According to documents filed as exhibits 10.8 and 10.14 to the Company's 2005 Form 10-K, on March 8, 2006, just one day before IMAX officially announced that it was for sale, the employment agreements of Gelfond and Wechsler were amended. The amended employment agreements provided further compensation to Gelfond and Wechsler in the event of a change of control of the Company. The employment agreements were described in IMAX's August 10, 2007 Schedule 14A as follows :

> The 2006 Amendments provided that each of the Co-CEOs would be paid a base salary of $500,000 for 2006 and be considered for a bonus payable in 2007 based upon performance to December 31, 2006, with a guaranteed bonus of $750,000 paid for 2006 in the event of a change of control of the Company.

219. According to IMAX's Schedule 14A, filed with the SEC on March 9, 2006, Gelfond's and Wechsler's pension plan was amended to pay them out, in full, upon a change of control of the Company:

> The Company has a U.S. defined benefit pension plan covering its two Co-Chief Executive Officers. The plan provides for a lifetime retirement benefit from age 55 determined as 75% of the member's best average 60 consecutive months of earnings during the 120 months proceeding retirement. Under the original terms of the plan, once benefit payments begin, the benefit is indexed annually to the cost of living and further provides for 100% continuance for life to the surviving spouse. The benefits were 50% vested as of the plan initiation date. The vesting percentage increases on a straight-line basis from inception until age 55. The vesting percentage of a member whose employment terminates other than by voluntary retirement shall be 100%. Also, upon the occurrence of a change of control of the Company prior to termination of a member's employment, the vesting percentage shall become 100%. The Company intends to use the proceeds of life insurance policies taken on its Co-Chief Executive Officers to be applied towards the benefits due and payable under the plan, although there can be no assurance that the Company will ultimately do so. *On March 8, 2006, the Company and the Co-Chief Executives negotiated an amendment to the plan. Under the terms of the plan amendment, the cost of living adjustment and surviving spouse benefits previously owed to the Co-Chief Executive Officers are each reduced by 50%, subject to a recoupment of a percentage of such benefits upon a change of control of the Company, and benefit payments are accelerated and paid out upon the occurrence of certain events, including a change of control of the Company. The Company currently estimates that the annual benefits upon retirement will be approximately $1.0 million for each of the Co-Chief Executive Officers, subject to the amended cost of living adjustment and surviving spouse benefits.* (Emphasis added).

220. The Company's August 10, 2007 Schedule 14A also explained that:

> If there had been a change of control and either Mr. Gelfond's or Mr. Wechsler's employment had been terminated involuntarily as at December

> 31, 2006, they would have been entitled to receive estimated lump sum payments of $21,186,570 and $20,417,834, respectively.
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> ***
>
> If there had been a change of control and either Mr. Gelfond or Mr. Wechsler had elected voluntary retirement as at December 31, 2006, they would have been entitled to receive estimated payments of $16,173,742 and $18,949,834 respectively under the SERP.

221. The modifications to Gelfond's and Wechsler's employment agreements and pension plans were negotiated and made one day before the Company announced that it was being put up for sale. It was Gelfond's and Wechsler's goal to sell the Company at a price which was inflated by the fraud as described herein and reap the benefits of the change of control provision they negotiated. Ultimately, the Company was unable to find an investor willing to purchase or merge with the Company at a price IMAX deemed acceptable.

As to PWC

222. As the auditor of a public company, PWC has the responsibility to understand the subject company's business. As described herein, IMAX's theater systems represented the single largest contributor to IMAX's revenues and earnings during the Class Period. As such, before issuing an unqualified clean opinion on IMAX'S financial statements, PWC had a duty to understand the method by which theater systems revenue was recognized, and to satisfy itself that proper accounting principles were being applied for the recognition of revenue. PWC also had the obligation to do a sufficient investigation before opining on the adequacy of IMAX's internal controls.

223. PWC has been IMAX's auditor for approximately 20 years and performed numerous quarterly reviews and annual audits of the Company. PWC performed an integrated audit of the Company's consolidated financial statements and its internal controls over financial

reporting. PWC was regularly consulted by IMAX management and accounting issues and financial statements were always reviewed and opinions provided by PWC before the Company's financial statements were publicly disclosed. Included in the subjects discussed between IMAX management and PWC was IMAX's revenue recognition policy and the application of multiple element accounting to IMAX's theater systems. The Company's approach to revenue recognition was an ongoing subject of review by PWC, and PWC provided advice to management with respect to revenue recognition for theater systems. PWC approved the revenue recognition policies described publicly by IMAX and the reflection thereof in the Company's financial statements.

224. PWC and IMAX management discussed the application of EITF 00-21 and SAB 104 at or about the time they became effective and PWC provided advice on IMAX's application thereof. Given the nature of PWC's access to internal IMAX books and records and PWC's knowledge of the true nature of the theater systems (i.e. that they operated as a single System Deliverable) PWC knew or recklessly disregarded that: multiple element accounting could not properly be applied to IMAX's theater systems; was not properly being applied; that the Company's disclosures with respect to its revenue recognition for theater systems was materially misleading; and that the clean audit opinions PWC issued on IMAX's financial statements were materially misleading.

225. This is particularly true given PWC's knowledge or reckless disregard that the Company separately accounted for the following units of accounting for a typical theater system revenue arrangement: (a) the projection system, sound system and related equipment (excluding the screen) and the supervision of installation of these components; (b) the screen and the

supervision for the installation of the same; (c) maintenance services; and (d) projectionist training. A reasonable reader of IMAX's public disclosures was not alerted to any of these facts.

226. As part of its Report of Independent Registered Public Accounting Firm issued with respect to its yearly audits of IMAX during the Class Period and included in the Company's Forms 10-K, PWC represented that, in its opinion, IMAX's consolidated financial statements presented fairly, in all material respects, the financial condition of IMAX and its subsidiaries. The Restatement shows such representations to be untrue.

227. PWC also audited management's assessment of IMAX's internal controls over financial reporting, and its yearly Reports issued during the Class Period stated that PWC agreed with IMAX management that the Company "maintained effective internal control over financial reporting". However, those representations are belied by PWC's Report accompanying the Restatement, which states that such internal controls were not in place. PWC either knew or recklessly disregarded that fact when it performed its annual audits of IMAX, during which it was to have evaluated "management's assessment, testing and evaluating the design and operational effectiveness of internal control".

As to All Defendants

228. During the Class Period, as detailed herein, Defendants engaged in actions which deceived the market for IMAX common stock and a course of conduct that artificially inflated the price of IMAX common stock and operated as a fraud or deceit on purchasers of IMAX common stock by misrepresenting the Company's operating condition and financial results. Defendants achieved this by making the materially misleading statements set forth hereinabove.

229. As a result of the deceptive practices, common schemes and artifices, and false and misleading statements and material omissions alleged herein, the price of IMAX common

stock was artificially inflated during the Class Period. The August 9, 2006 announcement of the SEC investigation and its subject matter partially disclosed what the Company's misrepresentation had concealed from the market and began to reveal what the July 20, 2007 disclosure confirmed.

230. In ignorance of the false and misleading statements, the material omissions and the deceptive and manipulative devices and contrivances employed by the Defendants, Plaintiffs and members of the proposed Class relied on the integrity of the market in IMAX common stock, and/or the statements complained of herein, when purchasing IMAX common stock. Had Plaintiffs and members of the proposed Class known the truth, they would not have purchased IMAX common stock or would not have purchased them at the artificially inflated prices that were paid.

231. As a result of their purchases of IMAX common stock at fraudulently inflated prices, Plaintiffs and members of the proposed Class suffered substantial damages in an amount to be proven at trial.

232. By virtue of the foregoing, Defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder in that they knowingly or recklessly: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices, or courses of business which operated as a fraud and deceit upon Plaintiffs and members of the proposed Class in connection with their purchases of IMAX common stock.

COUNT II

For Violations of Section 20(a) of the Exchange Act
Against the Individual Defendants

233. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

234. This Count is asserted against the Individual Defendants for violations of Section 20(a) of the Exchange Act, 15 U.S.C. §78t, on behalf of Plaintiffs and all members of the proposed Class who was damaged thereby.

235. As alleged herein, the Individual Defendants acted as controlling persons of IMAX within the meaning of Section 20(a) of the Exchange Act. By virtue of their high-level positions and the key roles each played in the Company's management, and active participation in, the Company's day-to-day operations including its financial reporting and accounting functions, each of them had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements that Plaintiffs allege are false and misleading. The Individual Defendants prepared and/or were provided with, or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged herein to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

236. By virtue of their direct and supervisory involvement in the day-to-day operations of IMAX, the Individual Defendants are presumed to have had the power to control or influence the particular transactions giving rise to the violations of federal law as alleged herein, and exercised the same.

229. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act 15 U.S.C. §78t. As a direct and proximate result of the wrongful conduct, Plaintiffs and the other members of the proposed Classed suffered damages in connection with their purchases of the Company's common stock during the Class Period.

DEMAND FOR JURY TRIAL

230. Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Plaintiffs hereby demand a trial by jury as to all issues so triable.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for relief and judgment, as follows:

A. determining that this action is a proper class action, designating Westchester Capital Management, Inc. as class representative under Rule 23 of the Federal Rules of Civil Procedure, and designating his counsel as counsel for the Class;

B. awarding compensatory damages in favor of Plaintiffs and the other members of the proposed Class against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

C. awarding rescission in favor of Plaintiffs and the other members of the Class against all Defendants, jointly and severally, for the damages sustained as a result of the wrongdoings of Defendants, together with interest thereon;

D. awarding Plaintiffs and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

E. such other and further relief as is just and proper.

Dated: October 2, 2007

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